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Message Text

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ACTION EA-12

INFO OCT-01 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00
EB-08 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15 STR-07
ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15
ISO-00 STRE-00 JUSE-00 /113 W
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R 210759Z JUL 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 9795
INFO USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 13228

USMTN

DEPARTMENT ALSO PASS STR AND LABOR ELECTRONICALLY

E.O. 11652: GDS-1
TAGS: ETRD, MTN, JA
SUBJECT: U.S.-JAPANESE CONSULTATIONS UNDER COLOR TV OMA

REF: STATE 176635

SUMMARY: ON JULY 20, U.S. DELEGATION HEADED BY FALKEN, STR, MET AT THE REQUEST OF THE GOJ WITH OFFICIALS HEADED BY HAZUMI OF THE MINISTRY OF FOREIGN AFFAIRS IN TOKYO TO CONSULT UNDER ARTICLE 7 OF THE ORDERLY MARKETING AGREEMENT (OMA) ON COLOR TELEVISION RECEIVERS IN EFFECT BETWEEN THE TWO COUNTRIES. THE ALL-DAY SESSION TOOK PLACE IN AN ATMOSPHERE OF CORDIALITY. AT THE OUTSET, U.S. DEL EXPRESSED APPRECIATION FOR JAPANESE COOPERATION IN RESTRAINING COLOR TV EXPORTS WHICH HAS CONTRIBUTED TO U.S. INDUSTRY EFFORTS TO ADJUST TO IMPORT COMPETITION. THE SESSION HAD TWO FORMAL AGENDA ITEMS: (1) JAPAN'S CONCERN OVER RISING COLOR TV SHIPMENTS FROM NON-OMA COUNTRIES TO THE U.S. MARKET WHILE CONFIDENTIAL

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JAPANESE EXPORTS WERE SUBJECT TO RESTRAINT AND (2) THE EFFECTS OF U.S. CUSTOMS CLASSIFICATION OF CERTAIN SUBASSEMBLY SHIPMENTS. INFORMALLY, THE JAPANESE SIDE ALSO RAISED THE MATTER OF OUTSTANDING DUMPING DUTIES ON PRIOR-YEAR COLOR TV IMPORTS FROM JAPAN. END SUMMARY.

1. EQUITY CLAUSE DISCUSSION. - GOJ REPS MADE A DETAILED

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PRESENTATION COMPARING UNITS EXPORTED BY JAPAN UNDER OMA RESTRAINT TO THOSE FROM NON-OMA THIRD COUNTRIES. GOJ REPS VOICED CONCERN OVER THE POTENTIAL EROSION AND INEQUITABLE POSITION OF JAPAN IN U.S. MARKET AND QUESTIONED USEFULNESS OF RESTRAINT LIMITED SOLELY TO THEIR EXPORTS, IF THE PURPOSE WAS TO HELP U.S. INDUSTRY ADJUST FROM MARKET DISRUPTION WHEN U.S. IMPORTS FROM THIRD COUNTRIES HAD ADVANCED TO A POINT WHERE AGGREGATE LEVELS OF COLOR TELEVISION IMPORTS SHOWED ONLY SLIGHT REDUCTION.

U.S. DEL RECOGNIZED LEGITIMACY OF GOJ CONCERN FOR EQUITY CONSIDERATIONS AND OFFERED EXPLANATION THAT THE JAPANESE TV MANUFACTURERS WERE NOT BEING SERIOUSLY DISADVANTAGED WHEN ALL INFORMATION WAS TAKEN INTO ACCOUNT ON THE LARGER SPECTRUM OF COLOR TELEVISION PARTS AND SUBASSEMBLIES, NOT INCLUDED IN RESTRICTED UNITS. DEL FURTHER STATED THAT INCREASED THIRD COUNTRY EXPORTS WERE OF CONCERN TO DOMESTIC INTERESTS AS WELL, AND THE SITUATION WAS BEING CLOSELY WATCHED BY USG.

GOJ REPS APPRECIATED THE VARIOUS DIFFICULTIES IN POTENTIALLY RESTRAINING THIRD COUNTRY EXPORTS TO THE U.S. BUT AGAIN STATED THEIR HOPE USG WOULD FIND A SOLUTION TO THIS INEQUITY. DEL SAID USG WOULD CONTINUE KEEP GOJ INFORMED ON THIS MATTER.

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2. CUSTOMS CLASSIFICATION MONITORED ITEMS. - U.S. DEL POINTED OUT THAT QUESTIONABLE CLASSIFICATION OF CERTAIN COLOR TELEVISION CIRCUIT BOARDS IN TSUSA ITEM 685.2066 INSTEAD OF 685.2067 GAVE THE APPEARANCE OF CIRCUMVENTLBN OF OMA RESTRAINT BY MINOR DESIGN MODIFICATION OF JAPANESE UNITS.

GOJ REPS RESPONDED THEY DID NOT BELIEVE CIRCUMVENTION WAS OCCURRING BUT WOULD INSTRUCT THEIR MACHINERY EXPORT ASSOCIATION AND JAPANESE IMPORTERS IN THE U.S. TO BE MORE PRECISE IN CERTIFICATION AND SUBSEQUENT ENTRY CLASSIFICATION OF THESE ITEMS TO AVOID THE APPEARANCE OF CIRCUMVENTION. FURTHER, GOJ OFFICIALS DECLARED THAT THESE CORRECTIVE MEASURES WOULD, QUOTE, SHARPLY REDUCE, UNQUOTE, THE QUANTITY OF IMPORTS ENTERING U.S. IN 685.2066.

3. ANTIDUMPING. - WITH RESPECT TO JAPANESE CONCERN IN THE OUTSTANDING TV DUMPING DUTY CASE, THE JAPANESE READ A WASHINGTON EMBASSY REPORT THAT POINTED TO A SIDE LETTER ON THIS SUBJECT. REP. ROSTENKOWSKI OF THE WAYS AND MEANS TRADE SUBCOMMITTEE HAD QUESTIONED AMB STRAUSS ABOUT SIDE AGREEMENT TO OMA AFFECTING ANTIDUMPING AND THAT AMB STRAUSS HAD IN-

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DICATED SUCH A SIDE LETTER, NOT FORMALLY PART OF THE AGREEMENT, EXISTED AND WOULD MAKE IT AVAILABLE TO THE COMMITTEE. GOJ HAD NO OBJECTION TO THE RELEASE OF THE ANTIDUMPING SIDE LETTER BUT HAD SERIOUS CONCERN ABOUT RELEASE OF OTHER OMA SIDE LETTERS WHICH WOULD INVITE POSSIBLE CRITICISM IN THE DIET.

WHILE NOT AN AGENDA ITEM, GOJ REPS EXPRESSED CONCERN OVER TREASURY HANDLING OF OUTSTANDING ANTIDUMPING CASE. U.S. DEL POINTED OUT THAT TREASURY HAD SOLE RESPONSIBILITY IN THIS AREA AND THERE WAS PRESSURE ON CONGRESS TO SEE THAT

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LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
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DUMPING CASES BE ASSESSED AS REQUIRED UNDER U.S. LAW. TREASURY WOULD ANNOUNCE DISPOSITION OF PENDING CASES AND METHOD OF CALCULATING DUTY BY AUGUST 27. IF DISPOSITION APPEARED UNSATISFACTORY TO PARTIES CONCERNED, A CHALLENGE IN THE COURTS WOULD ULTIMATELY RESOLVE THE ISSUE OF THE METHOD OF DETERMINATION OF DUMPING MARGINS.

4. COMMENT: GOJ IS FEELING PRESSURE FROM ITS COLOR TELEVISION RECEIVER MANUFACTURING INDUSTRY ON ITS INABILITY, DUE TO RESTRAINT OF ITS EXPORTS, TO TAKE FULL ADVANTAGE OF THE CURRENTLY STRONG DEMAND IN THE U.S. MARKET. FLEXIBILITY IN THE STRUCTURE OF THE OMA ALLOWS JAPANESE INDUSTRY SOME OPTIONS TO DEAL WITH THIS PROBLEM. HOWEVER, IF THE PRESENT

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SITUATION CONTINUES, IT CAN BE EXPECTED THAT THE LEVEL OF
CONCERN WILL INCREASE, NECESSITATING EVENTUAL USG POLICY
REVIEW.
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Disposition Approved on Date:
Disposition Case Number: n/a
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